



Total Compensation Study Data Review

Ronnie Charles, National Managing Director

Lori Messer, Principal Consultant

Mark Goldberg, Senior Consultant

September 19, 2019



Gallagher

Insurance | Risk Management | Consulting



Gallagher

Insurance | Risk Management | Consulting

Study Background

Gallagher was engaged to perform a review of the State's base pay, benefits and total compensation program and make recommendations regarding:

- Market competitiveness of the current employee population;
- Market competitiveness of the value of select benefits; and,
- Market competitiveness of the total compensation package offered by the State.

Market study objectives were identified as follows:

- Offer total compensation (both base salary and benefits) to attract, motivate, and retain talented and qualified employees.
- Maintain a competitive position from a total compensation perspective with other comparable government entities and/or private employers within the same geographic area with similar job categories.



Survey Process – Benchmark Jobs

Custom Survey

- 76 benchmark positions were identified for the custom survey
 - One hundred and thirty-eight (138) organizations were asked to participate.
 - Thirty seven (37) organizations responded, a 27% response rate.
 - Data was obtained for 52 positions (68% of the positions surveyed)

Published Surveys

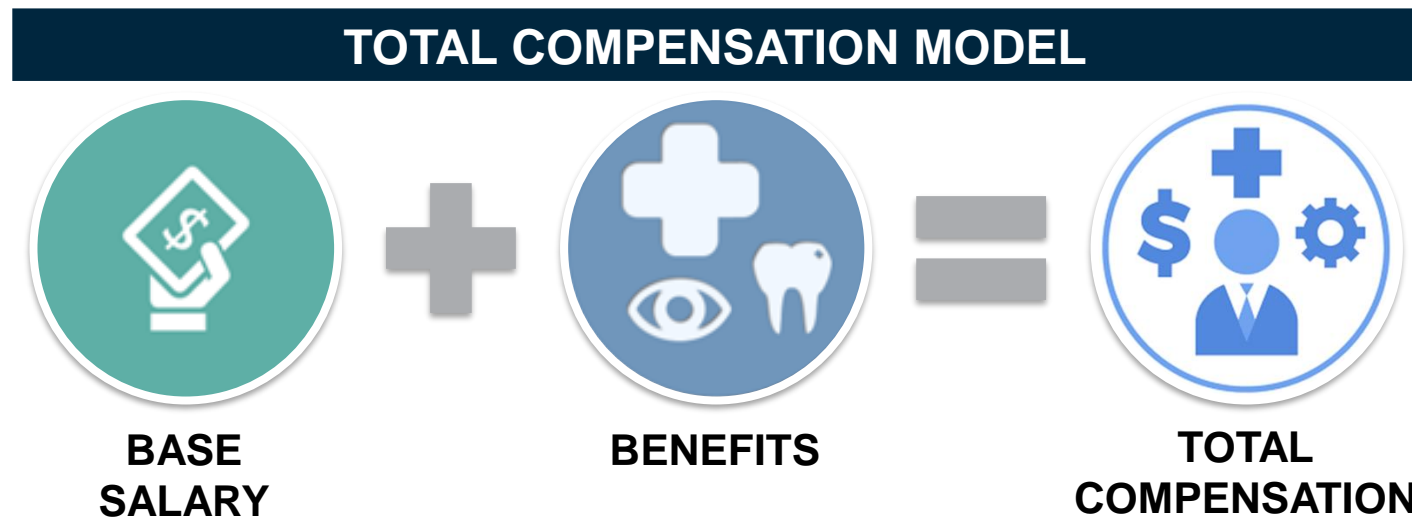
- 267 benchmark positions were identified to obtain data from published salary survey sources.
 - Data was obtained for 257 positions (96% of positions surveyed)

No overlap between benchmark positions in the custom survey and published salary survey sources.



Findings and Analysis – Total Compensation

The State and GBS agreed upon the elements included in the assessment of total compensation as follows:



Elements of the benefits package are:

- Medical (PPO)
- Dental and Vision
- Retirement (DC and DB)

Leave was excluded from Total Compensation to avoid double counting since it is already counted in the base pay figure. Hence, we have quantified the leave benefit separately, but did not assign it a monetary value for inclusion in Total Compensation.



Findings and Analysis

When GBS compares the actual salaries of benchmark positions to the median of actual salaries in the market we find that, from an aggregate perspective, the following:

	Percentage Difference – Actual Salary vs. Market	
Data Source	Market 50 th Percentile	
Custom Survey (52 of 76 benchmark jobs)	-11.04%	Slightly Misaligned
Published Survey (257 of 267 benchmark jobs)	-12.84%	Slightly Misaligned

Total Compensation = base salary + health insurance contribution** + dental + vision + retirement

	Percentage Difference – Total Compensation vs. Market	
Data Source	Market 50 th Percentile	
Aggregate Market (State Tier 1)	-2.3%*	Competitive
Aggregate Market (State Tier 2)	-10.0%*	Borderline Competitive

*Aggregate result of all salary comparison points included in the study.

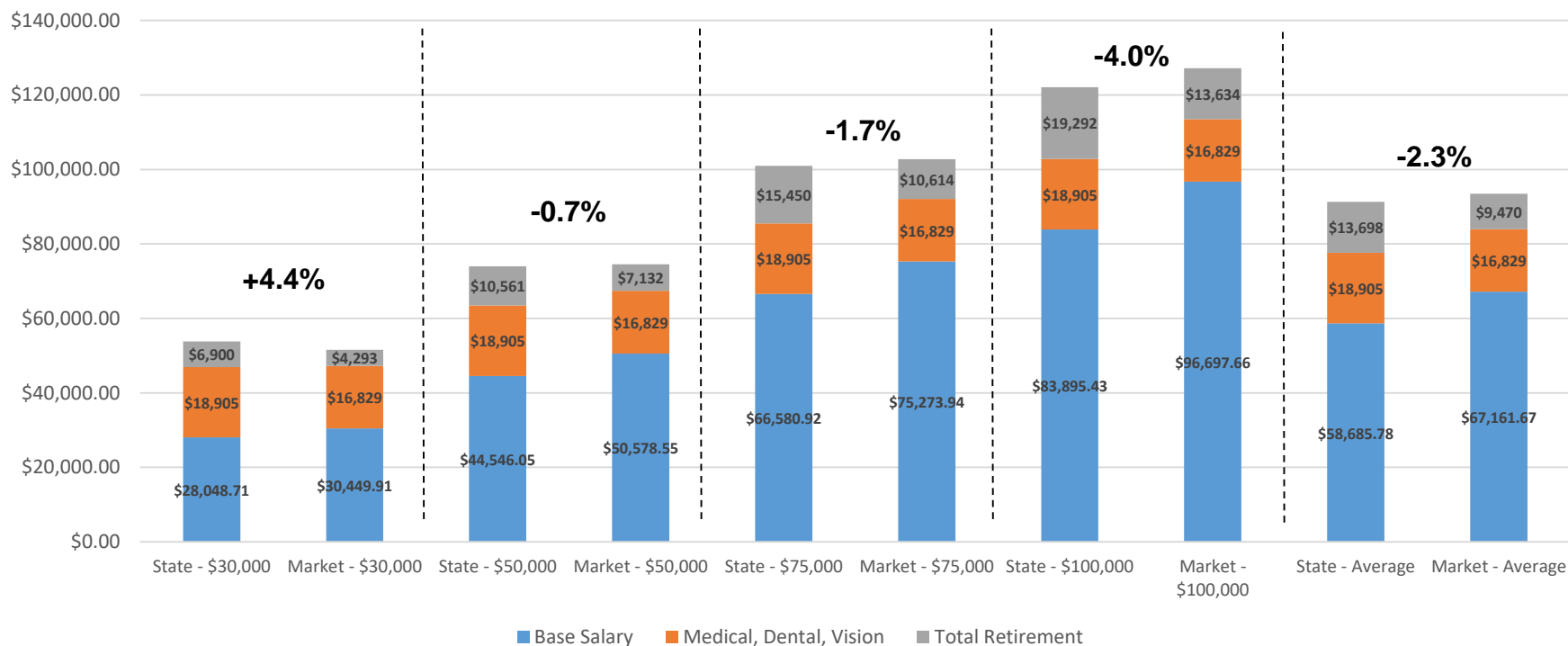
**Insufficient data was reported on the High Deductible Health Plan in order for comparisons to made, therefore only PPO was analyzed.



Findings and Analysis – Total Compensation Tier 1

Insurance | Risk Management | Consulting

Total Compensation: State of Utah vs. Market Median



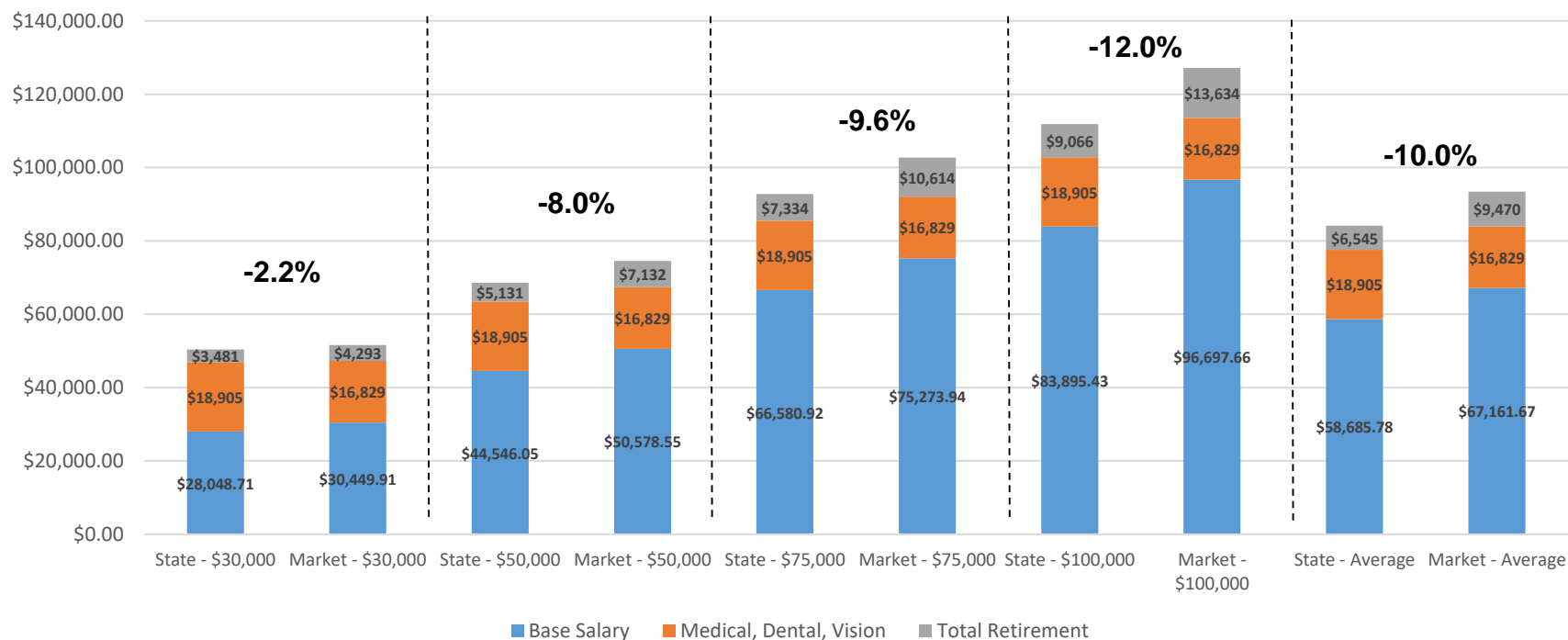
Note: Using market data from survey that approximate what the market pays at the respective levels (i.e., ~\$30K, \$50K, \$75K and \$100K), we determined the corresponding rate of pay at the State to prepare the total compensation comparisons of the State against the market.



Findings and Analysis – Total Compensation Tier 2 Gallagher

Insurance | Risk Management | Consulting

Total Compensation: State of Utah vs. Market Median



Note: Using market data from survey that approximate what the market pays at the respective levels (i.e., ~\$30K, \$50K, \$75K and \$100K), we determined the corresponding rate of pay at the State to prepare the total compensation comparisons of the State against the market.



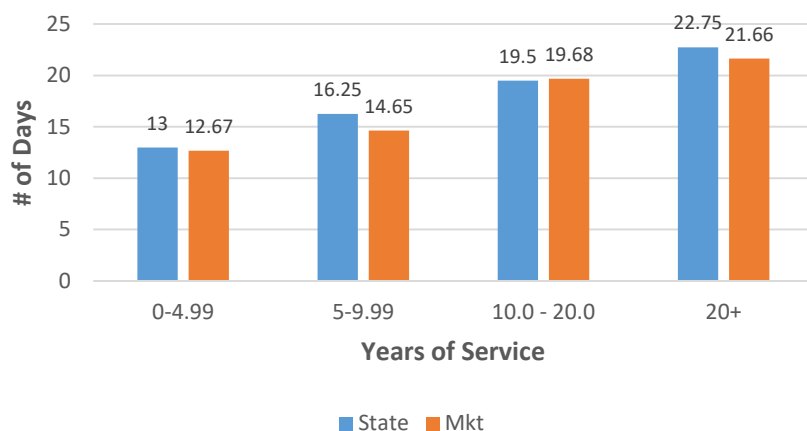
Gallagher

Insurance | Risk Management | Consulting

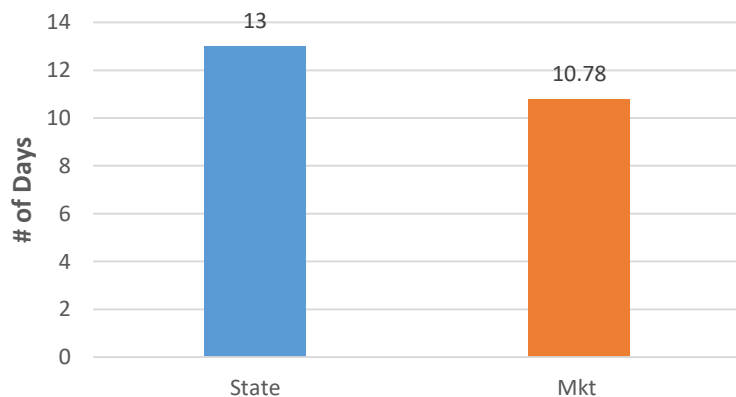
Findings and Analysis – Leave

Paid Leave Accrual Comparison

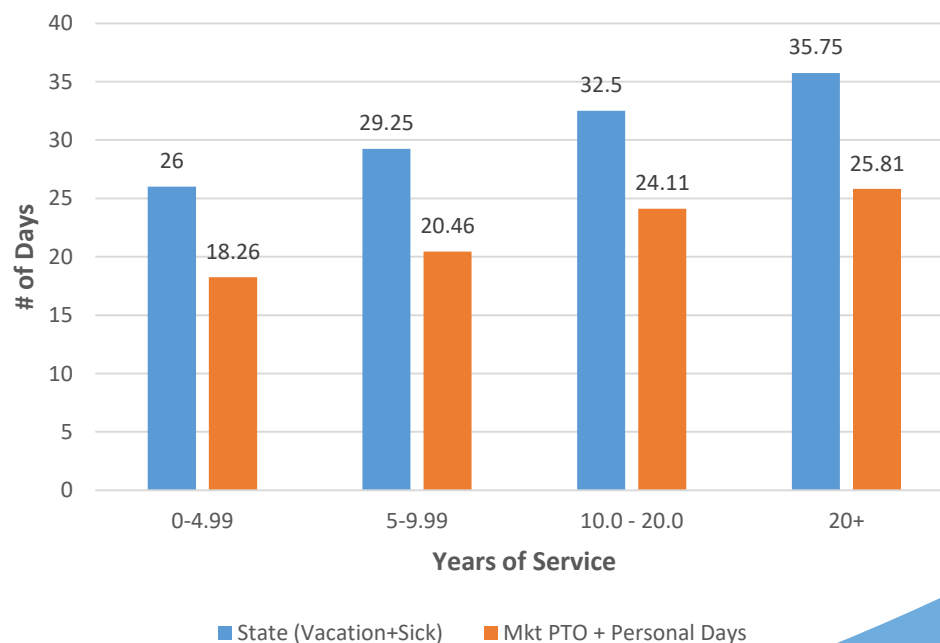
Average Vacation Leave Accrual



Annual Sick Leave Accrual



Annual Sick/Vacation (State) vs Mkt Paid Time Off (PTO) Accrual





Recommendations Based on Findings

Base Pay

- Review positions that are greater than 15% different from the market to determine if any actions by the State are warranted

Benefits

- Given the highly competitive nature of benefit value in comparison to market, no immediate recommendations

Paid Leave

- No recommendations due to current highly competitive nature of paid leave when compare to market



Recommendations Based on Findings

Administrative

- Apply range adjustments on an annual basis that align with predicted market adjustments (i.e., use of WorldatWork Salary Budget Survey, CPI or other applicable mechanism)
- According to WorldatWork, for 2019 the median salary increase in Utah is 3.0% and is expected to be 3.0% for 2020, GBS would recommend the State provide salary increases aligned with the market
- According to WorldatWork, for 2019 the median salary structure adjustment in Utah is 2.1% and is expected to be 2.0% for 2020
- GBS would recommend the State adjust their salary structures on a regular basis to maintain market competitiveness
- Conduct thorough market assessment every 2 to 3 years to ensure the State is maintaining desired level of competitiveness with market



Recommendations Based on Findings

Total Compensation

- Consideration of rebalancing the total compensation mix to ensure competitiveness from a base pay perspective while maintaining a competitive position with respect to benefits value
- Many public sector organizations are moving away from a vacation/sick time leave policy towards a PTO Bank as a way to provide flexibility to employees and to reduce cost
- According to many surveys, many younger candidates and employees value time off more than benefits such as retirement or health care, so shifting total compensation away from those traditional benefits and towards a more generous leave policy or greater flexibility with work schedule (either telecommuting or a 4 day work week) would give the State an advantage in the recruitment process

Thank You

Mark Goldberg | Senior Consultant

651.234.0841 Main

651.635.0980 Fax

Mark_Goldberg@ajg.com

www.ajg.com/compensation



Gallagher

Insurance | Risk Management | Consulting